

COMMUNITY OFFICE FOR RESOURCE EFFICIENCY

AUDITED FINANCIAL STATEMENTS

December 31, 2018

COMMUNITY OFFICE FOR RESOURCE EFFICIENCY

AUDITED FINANCIAL STATEMENTS

December 31, 2018

TABLE OF CONTENTS

ITEM	PAGE NUMBER
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Office for Resource Efficiency
Aspen, Colorado

We have audited the accompanying financial statements of Community Office for Resource Efficiency (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Office for Resource Efficiency as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Reese Henry & Company, Inc.

Certified Public Accountants
Aspen, Colorado
October 31, 2019

COMMUNITY OFFICE FOR RESOURCE EFFICIENCY

STATEMENT OF FINANCIAL POSITION

December 31, 2018

ASSETS

Cash and Cash Equivalents	\$	2,057,535
Accounts Receivable		19,433
Employee Advances		3,826
Grants Receivable		2,634,233
Investments		59,636
Security Deposits		3,080
Property and Equipment, net		4,810
TOTAL ASSETS	\$	4,782,553

LIABILITIES

Accounts Payable	\$	197,102
Accrued Expenses		31,011
TOTAL LIABILITIES		228,113

NET ASSETS

Without Donor Restrictions		
Undesignated		435,637
Designated by the Board for Operating Reserve		500,000
Total Without Donor Restrictions		935,637
With Donor Restrictions		
Purpose Restrictions		3,618,803
Total With Donor Restrictions		3,618,803
TOTAL NET ASSETS		4,554,440
TOTAL LIABILITIES AND NET ASSETS	\$	4,782,553

The accompanying notes are an integral part of the financial statements.

COMMUNITY OFFICE FOR RESOURCE EFFICIENCY

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Grants	\$ 857,808	\$ 1,745,958	\$ 2,603,766
Sponsorship Income	229,283	-	229,283
Program Income	52,023	-	52,023
Other Income	8,305	-	8,305
Interest Income	4,161	-	4,161
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	1,529,503	(1,529,503)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	2,681,083	216,455	2,897,538
EXPENSES			
Program Expenses	2,010,099	-	2,010,099
General and Administrative	197,228	-	197,228
TOTAL EXPENSES	2,207,327	-	2,207,327
CHANGE IN NET ASSETS	473,756	216,455	690,211
NET ASSETS, Beginning of Year	461,881	3,402,348	3,864,229
NET ASSETS, End of Year	\$ 935,637	\$ 3,618,803	\$ 4,554,440

The accompanying notes are an integral part of the financial statements.

COMMUNITY OFFICE FOR RESOURCE EFFICIENCY

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	<u>Program Expenses</u>	<u>General and Administrative</u>	<u>Total</u>
Grants	\$1,152,777	\$ -	\$1,152,777
Donations	50	-	50
Salaries and Wages	460,070	125,496	585,566
Retirement Contributions	13,543	3,140	16,683
Employee Benefits	41,830	11,410	53,240
Payroll Taxes	33,207	9,058	42,265
Professional Fees	6,559	13,990	20,549
Energy Assessments	123,598	-	123,598
Advertising	102,721	-	102,721
Office Expenses	8,651	9,460	18,111
Information Technology	11,187	3,052	14,239
Occupancy	28,758	15,077	43,835
Travel	4,268	-	4,268
Conferences, Conventions, and Meetings	16,807	5,056	21,863
Depreciation	1,678	-	1,678
Insurance	4,395	1,489	5,884
Totals	<u>\$2,010,099</u>	<u>\$ 197,228</u>	<u>\$2,207,327</u>

The accompanying notes are an integral part of the financial statements.

COMMUNITY OFFICE FOR RESOURCE EFFICIENCY

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 690,211
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	1,678
Decrease (Increase) in:	
Accounts Receivable	(19,433)
Employee Advances	(3,826)
Grants Receivable	(167,254)
Security Deposits	(3,080)
Increase (Decrease) in:	
Accounts Payable	(192,750)
Accrued Expenses	16,977
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>322,523</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Earned on Certificate of Deposit	(298)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(298)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	322,225
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,735,310</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 2,057,535</u>

The accompanying notes are an integral part of the financial statements.

**COMMUNITY OFFICE FOR RESOURCE EFFICIENCY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018**

1. ORGANIZATION AND PURPOSE

Community Office for Resource Efficiency (CORE) was established in September 1994 to help the Roaring Fork Valley save energy and cut carbon emissions to mitigate climate change. The Organization promotes the values of clean air, stable climate, a strong economy, healthy communities, and sustainable energy.

CORE provides advising and rebates to residents and businesses for energy efficiency and renewable energy projects, grants for energy efficiency, design assistance and community grants. CORE offers similar services to income-qualified homeowners in the upper Roaring Fork Valley. CORE also works with communities in the Roaring Fork Valley providing policy options that will reduce carbon emissions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of CORE have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and accordingly reflect all significant receivables, payables and other liabilities. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

FINANCIAL STATEMENT PRESENTATION

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions: Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Net Assets with Donor Restrictions: Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

USE OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash equivalents include highly liquid investments not held for resale with original maturities of three months or less. CORE maintains its cash in bank deposit accounts and brokerage accounts which, at times, may exceed federally insured limits. CORE has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to these accounts.

GRANTS RECEIVABLE

Grants are recognized when the grantor makes a promise to CORE that is unconditional. Grants that are restricted by the grantor are reported as increases in net assets without donor restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions and grants are reported as increases in net assets with donor restrictions depending on the nature of the restriction. Grants receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year.

CORE has determined an allowance for uncollectible contributions and grants is not required based on historical experience.

SECURITY DEPOSITS

Security deposits consist of office space and storage space deposits.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost when purchased. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

ACCRUED EXPENSES

Accrued expenses consist of payroll liabilities.

REVENUE RECOGNITION

Revenue is primarily derived from sponsorship income and grant funding from the REMP program received annually from the City of Aspen and Pitkin County. Sponsorship income is recognized when the funds are received. Grant funding is recognized when the approval is received from the grantor.

INCOME TAXES

CORE is organized as a Colorado nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(c)(3) of the Internal Revenue Code, qualify for charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) , and has been classified as other than a private foundation under IRC Sections 509(a)(a) and (3).

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FAIR VALUE MEASUREMENTS

CORE is subject to the provisions of *Fair Value Measurements and Disclosures* Topic of FASB ASC. This standard requires use of a hierarchy of fair value that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date comprise of the following:

Cash and cash equivalents	\$	1,024,690
Accounts Receivable		2,634,233
	\$	<u>3,658,923</u>

As part of CORE's liquidity management, it has a policy to structure its financial assets to available as its general expenditures, liabilities and other obligations come due. Additionally, CORE has board designated funds of \$500,000. These funds are invested in cash at December 31, 2018 and can be drawn upon in the event of unanticipated liquidity needs. Although CORE does not intend to spend from its board designated fund, the funds could be made available if necessary. CORE has a goal to maintain financial assets, which consist of cash on hand, to meet six months of operating expenses.

4. CONCENTRATIONS

Credit Risk

CORE has amounts on deposit at financial institutions that at times are not eligible for insurance coverage covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). At December 31, 2018, CORE had \$1,440,305 of its cash deposits not covered by FDIC insurance. CORE has not experienced any losses in these accounts and believes there is no significant risk with respect to these deposits.

Grants Receivable

At December 31, 2018, 100% of grants receivable is due from two grantors.

Grant Income

For the year ended December 31, 2018, 99.3% of grants were derived from two grantors. The current level of CORE's operations and program services may be impacted if funding is not renewed.

5. Investments

Investments consist of certificates of deposit, are stated at fair value based on quoted process in active markets (all Level 1 measurements) and are valued at \$59,636 for the year ended December 31, 2018.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Leasehold Improvements	\$	6,563
Equipment		8,226
Vehicles		<u>40,597</u>
		55,386
Accumulated Depreciation		<u>(50,576)</u>
	\$	<u>4,810</u>

Depreciation expense for the year ended December 31, 2018 was \$1,678.

7. BOARD DESIGNATED NET ASSETS

In 2018, the Board approved a \$500,000 board reserve fund. The funds have been set aside to create a six-month operating reserve.

8. PURPOSE RESTRICTION DONATIONS

At December 31, 2018, purpose restrictions consist of \$1,032,845 in specific projects and \$2,585,958 in grants receivable.

9. LEASES

CORE has several operating leases for facilities and storage rentals. Those leases require CORE to pay all executory costs such as taxes, maintenance, and insurance. Rental Expenses for those leases was \$34,15 for the year ended December 31, 2018.

Future lease payments consist of the following:

Year ending		
December 31:		
2019	\$	34,990
2020		33,098
2021		33,760
2022		34,435
2023		35,124
	\$	<u>171,407</u>

10. RELATED PARTIES

Members of CORE's board are also employed by or officials of the City of Aspen and Pitkin County. These two governmental districts provide a majority of CORE's revenue. CORE's funding from the City of Aspen and Pitkin County are approved by the officials of the governmental districts via resolutions. Total related party receivables were \$2,615,538 for the year ended December 31, 2018.

11. SUBSEQUENT EVENTS

In preparing financial statements, CORE has evaluated events and transactions for potential recognition or disclosure through October 31, 2019, the date that the financial statements were available to be issued.